IC 21-2-21

Chapter 21. Borrowing and Bonds

IC 21-2-21-1

"Improvement of real estate"; purposes for which school corporation may issue bonds

Sec. 1. (a) For purposes of this section, "improvement of real estate" includes:

(1) construction, reconstruction, remodeling, alteration, or repair of buildings, or additions to buildings;

(2) equipment related to activities specified in subdivision (1); and

(3) auxiliary facilities related to activities specified in subdivision (1), including facilities for:

(A) furnishing water, gas, and electricity;

(B) carrying and disposing of sewage and storm and surface water drainage;

(C) housing of school owned buses;

(D) landscaping of grounds; and

(E) construction of walks, drives, parking areas, playgrounds, or facilities for physical training.

(b) A school corporation is authorized to issue bonds to pay the:

(1) cost of acquisition and improvement of real estate for school purposes;

(2) funding of judgments;

(3) cost of the purchase of school buses; and

(4) incidental expenses incurred in connection with and on account of the issuance of the bonds.

As added by P.L.1-2005, SEC.39.

IC 21-2-21-1.8

School employee retirement benefits; bonding

Sec. 1.8. (a) For purposes of this section, "retirement or severance liability" means the payments anticipated to be required to be made to employees of a school corporation upon or after termination of the employment of the employees by the school corporation under an existing or previous employment agreement.

(b) This section applies to each school corporation that:

(1) did not issue bonds under IC 20-5-4-1.7 before its repeal; or

(2) issued bonds under IC 20-5-4-1.7 before April 14, 2003.

(c) In addition to the purposes set forth in section 1 of this chapter, a school corporation described in subsection (b) may issue bonds to implement solutions to contractual retirement or severance liability. The issuance of bonds for this purpose is subject to the following conditions:

(1) The school corporation may issue bonds under this section only one (1) time.

(2) The school corporation must issue the bonds before July 1, 2006.

(3) The solution to which the bonds are contributing must be

reasonably expected to reduce the school corporation's unfunded contractual liability for retirement or severance payments as it existed on June 30, 2001.

(4) The amount of the bonds that may be issued for the purpose described in this section may not exceed:

(A) two percent (2%) of the true tax value of property in the school corporation, for a school corporation that did not issue bonds under IC 20-5-4-1.7 before its repeal; or

(B) the remainder of:

(i) two percent (2%) of the true tax value of property in the school corporation as of the date that the school corporation issued bonds under IC 20-5-4-1.7; minus

(ii) the amount of bonds that the school corporation issued under IC 20-5-4-1.7;

for a school corporation that issued bonds under IC 20-5-4-1.7 before April 14, 2003.

(5) Each year that a debt service levy is needed under this section, the school corporation shall reduce the total property tax levy for the school corporation's transportation, school bus replacement, capital projects, or art association and historical society funds in an amount equal to the property tax levy needed for the debt service under this section. The property tax rate for each of these funds shall be reduced each year until the bonds are retired.

(6) The school corporation shall establish a separate debt service fund for repayment of the bonds issued under this section.

(d) Bonds issued for the purpose described in this section shall be issued in the same manner as other bonds of the school corporation.

(e) Bonds issued under this section are not subject to the petition and remonstrance process under IC 6-1.1-20 or to the limitations contained in IC 36-1-15.

As added by P.L.214-2005, SEC.62.

IC 21-2-21-2

Terms of bonds

Sec. 2. (a) Bonds authorized by this chapter and IC 20-26-1 through IC 20-26-5 must be payable in amounts and at the times and places determined by the governing body.

(b) Bonds issued for the funding of judgments or for the purchase of school buses shall mature not more than five (5) years from the date of the bonds. Bonds issued for other purposes must mature not more than twenty-five (25) years from the date of the bonds.

(c) The governing body may provide that principal and interest of the bonds are payable at a bank in Indiana and may also be payable at the option of the holder at another bank designated by the governing body, either before or after sale.

(d) The governing body may pay the fees of the bank paying agent and shall deposit with the paying agent, if any, within a reasonable period before the date that principal and interest become due

sufficient money for the payment of the principal and interest on the due date.
As added by P.L.1-2005, SEC.39.

IC 21-2-21-3
Sale of bonds; interest rates

Sec. 3. Bonds issued by a school corporation must be sold at:
(1) not less than par value;
(2) public sale as provided by IC 5-1-11; and
(3) any rate or rates of interest determined by the bidding.

If the net interest cost exceeds eight percent (8%) per year, the bonds must not be issued until the issuance is approved by the department of local government finance.
As added by P.L.1-2005, SEC.39.

IC 21-2-21-4
Execution and delivery of bonds

Sec. 4. (a) Bonds shall be executed in the name and on behalf of the school corporation by the president and secretary of the governing body. One (1) of the signatures may be by facsimile imprinted on a bond instrument, but at least one (1) of the signatures shall be manually affixed. The secretary of the governing body shall cause the seal of the school corporation to be impressed or a facsimile of the seal printed on each bond. Interest coupons, if any, shall be executed by the facsimile signature of the treasurer of the governing board.

(b) If the president, secretary, or treasurer of the governing body ceases to be the president, secretary, or treasurer for any reason after the officer has executed bonds under this section but before the bonds have been delivered to the purchaser or purchasers of the bonds, the bonds are binding and valid obligations as if the officer were in office at the time of delivery. The treasurer of the governing body shall cause the bonds to be delivered to the purchaser or purchasers and shall receive payment for the bonds.
As added by P.L.1-2005, SEC.39.

IC 21-2-21-5
Tax levy to pay bond principal and interest

Sec. 5. (a) The governing body shall provide for the payment of principal and interest of bonds executed under section 4 of this chapter by levying annually a tax that is sufficient to pay the principal and interest as the bonds become due.

(b) The bodies charged with the review of budgets and tax levies shall review a levy for principal and interest described in subsection (a) to ascertain whether the levy is sufficient.
As added by P.L.1-2005, SEC.39.

IC 21-2-21-6
Emergency loans; authorization

Sec. 6. (a) This section apples if a governing body finds by written resolution that an emergency exists that requires the expenditure of money for a lawful corporate purpose that was not included in the school corporation's existing budget and tax levy.

(b) If a governing body makes a finding specified in subsection (a), the governing body may authorize the making of an emergency loan that may be evidenced by the issuance of the school corporation's note in the same manner and subject to the same procedure and restrictions as provided for the issuance of the school corporation's bonds, except as to purpose.

(c) If a governing body authorizes an emergency loan as specified in subsection (b), the governing body shall, at the time for making the next annual budget and tax levy for the school corporation, make a levy to the credit of the fund for which the expenditure is made sufficient to pay the debt and the interest on the debt. However, the interest on the loan may be paid from the debt service fund.

As added by P.L.1-2005, SEC.39.

IC 21-2-21-7

Application of general appropriation and bonding laws

Sec. 7. The provisions of all general statutes and rules relating to:

(1) filing petitions requesting the issuance of bonds and giving notice of the issuance of bonds;

(2) giving notice of determination to issue bonds;

(3) giving notice of a hearing on the appropriation of the proceeds of the bonds and the right of taxpayers to appear and be heard on the proposed appropriation;

(4) the approval of the appropriation by the department of local government finance; and

(5) the right of taxpayers to remonstrate against the issuance of bonds;

apply to proceedings for the issuance of bonds and the making of an emergency loan under this chapter and IC 20-26-1 through IC 20-26-5. An action to contest the validity of the bonds or emergency loans may not be brought later than five (5) days after the acceptance of a bid for the sale of the bonds.

As added by P.L.1-2005, SEC.39.

IC 21-2-21-8

Emergency loans; tax anticipation warrants

Sec. 8. (a) If the governing body of a school corporation finds and declares that an emergency exists for the borrowing of money with which to pay current expenses from a particular fund before the receipt of revenues from taxes levied or state tuition support distributions for the fund, the governing body may issue warrants in anticipation of the receipt of the revenues.

(b) The principal of warrants issued under subsection (a) is payable solely from the fund for which the taxes are levied or from the school corporation's general fund in the case of anticipated state tuition support distributions. However, the interest on the warrants may be paid from the debt service fund, from the fund for which the taxes are levied, or the general fund in the case of anticipated state tuition support distributions.

(c) The amount of principal of temporary loans maturing on or before June 30 for any fund may not exceed eighty percent (80%) of the amount of taxes and state tuition support distributions estimated to be collected or received for and distributed to the fund at the June settlement.

(d) The amount of principal of temporary loans maturing after June 30 and on or before December 31 may not exceed eighty percent (80%) of the amount of taxes and state tuition support distributions estimated to be collected or received for and distributed to the fund at the December settlement.

(e) At each settlement, the amount of taxes and state tuition support distributions estimated to be collected or received for and distributed to the fund includes allocations to the fund from the property tax replacement fund.

(f) The county auditor or the auditor's deputy shall determine the estimated amount of taxes and state tuition support distributions to be collected or received and distributed. The warrants evidencing a loan in anticipation of tax revenue or state tuition support distributions may not be delivered to the purchaser of the warrant nor payment made on the warrant before January 1 of the year the loan is to be repaid. However, the proceedings necessary for the loan may be held and carried out before January 1 and before the approval. The loan may be made even though a part of the last preceding June or December settlement has not yet been received.

(g) Proceedings for the issuance and sale of warrants for more than one (1) fund may be combined. Separate warrants for each fund must be issued and each warrant must state on the face of the warrant the fund from which the warrant's principal is payable. An action to contest the validity of a warrant may not be brought later than fifteen (15) days from the first publication of notice of sale.

(h) An issue of tax or state tuition support anticipation warrants may not be made if the total of all tax or state tuition support anticipation warrants exceeds twenty thousand dollars ($20,000) until the issuance is advertised for sale, bids are received, and an award is made by the governing body as required for the sale of bonds, except that the publication of notice of the sale is not necessary:

(1) outside the county; or

(2) more than ten (10) days before the date of sale.

As added by P.L.1-2005, SEC.39.

IC 21-2-21-9

Temporary transfers by school corporation

Sec. 9. Temporary transfers of funds by a school corporation may be made as authorized under IC 36-1-8-4.

As added by P.L.1-2005, SEC.39.

IC 21-2-21-10

"Debt service obligations"; levy for school debt service obligations; payment in case of default

Sec. 10. (a) As used in this section, "debt service obligations" refers to the principal and interest payable during a calendar year on a school corporation's general obligation bonds and lease rentals under IC 21-5-11 and IC 21-5-12.

(b) Before the end of each calendar year, the department of local government finance shall review the bond and lease rental levies, or any levies that replace bond and lease rental levies, of each school corporation that are payable in the next succeeding year and the appropriations from the levies from which the school corporation is to pay the amount, if any, of the school corporation's debt service obligations. If the levies and appropriations of the school corporation are not sufficient to pay the debt service obligations, the department of local government finance shall establish for each school corporation:

(1) bond or lease rental levies, or any levies that replace the bond and lease rental levies; and

(2) appropriations;

that are sufficient to pay the debt service obligations.

(c) Upon the failure of a school corporation to pay any of the school corporation's debt service obligations during a calendar year when due, the treasurer of state, upon being notified of the failure by a claimant, shall pay the unpaid debt service obligations that are due from the funds of the state only to the extent of the amounts appropriated by the general assembly for the calendar year for distribution to the school corporation from state funds, deducting the payment from the appropriated amounts. A deduction under this subsection must be made first from property tax relief funds to the extent of the property tax relief funds, second from all other funds except tuition support, and third from tuition support.

(d) This section shall be interpreted liberally so that the state shall to the extent legally valid ensure that the debt service obligations of each school corporation are paid. However, this section does not create a debt of the state.

As added by P.L.1-2005, SEC.39.